

CONFIDENTIAL

FM FCO

TO DESKBY 212000Z UKDEL NASSAU (FOR PRIME MINISTERS PARTY)

TELNO 69

OF 211930Z OCTOBER 1985

INFO DESKBY 220745Z LUXEMBOURG, IMMEDIATE PRETORIA,

UKREP BRUSSELS, ATHENS,

AND TO BRUSSELS, BONN, COPENHAGEN, DUBLIN, PARIS, THE HAGUE,
AND TO ROME.

INFO PRIORITY, WASHINGTON, OTTAWA, CANBERRA, WELLINGTON.

AND TO UKNIS NEW YORK

SOUTH AFRICA: COMMONWEALTH ACCORD

1. WE ARE BEING GUIDED BY THE PRIME MINISTER'S LINE AT HER PRESS CONFERENCE IN INTERPRETATION OF THE NASSAU AGREEMENT. HOWEVER, THERE ARE A NUMBER OF POINTS OF DETAIL ON WHICH IT WOULD BE HELPFUL TO HAVE AN AGREED LINE TO TAKE IN ORDER TO DEAL WITH PRESS ENQUIRIES AND THE DEBATES ON NAMIBIA AND SOUTH AFRICA DUE IN THE LORDS AND COMMONS RESPECTIVELY ON 22 AND 23 OCTOBER.

2. MOST OF THESE POINTS REVOLVE AROUND THE INTERPRETATION OF THE FURTHER ECONOMIC MEASURES. THE LINE WHICH WE WOULD PROPOSE TO TAKE SUBJECT TO THE SECRETARY OF STATE'S APPROVAL, IS AS FOLLOWS. (THE TREASURY AND DTI CONCUR.)

(A) A BAN ON ALL NEW GOVERNMENT LOANS TO THE GOVERNMENT OF SOUTH AFRICA AND ITS AGENCIES.

PROPOSED LINE: THIS BAN CONTINUES EXISTING GOVERNMENT POLICY AS SET OUT IN THE PRIME MINISTER'S LETTER OF 3 SEPTEMBER TO MR KIMMOCK. THERE ARE NO OUTSTANDING GOVERNMENT TO GOVERNMENT LOANS BETWEEN THE UK AND SOUTH AFRICA. (IF ASKED ABOUT ECGD COVER FOR EXPORT CREDIT TO SOUTH AFRICAN PARASTATALS EG ESCOM. ECGD COVER IS OUTSIDE THE SCOPE OF THIS MEASURE).

(3) A BAN ON IMPORT OF KRUGERRANDS PROPOSED LINE: DTI IS LOOKING INTO MODALITIES OF PRECLUDING THE IMPORT OF KRUGERRANDS.

(CONFIDENTIAL BACKGROUND NOT FOR USE: LEGAL ADVISERS CONSIDER THAT KRUGERRANDS ARE NOT SUBJECT TO THE TRADE PROVISIONS OF THE EEC TREATY. THE UK CAN THEREFORE IMPOSE A UNILATERAL BAN, SUBJECT ONLY TO ITS DUTY TO NOTIFY THE COMMISSION. THE GATT PROBLEM REMAINS BUT IF OTHERS EG THE US AND THE NORDICS ARE UNDETERRED BY IT, IT IS LIKELY TO BE MORE THEORETICAL THAN PRACTICAL. THERE MAY HOWEVER BE PROBLEMS FOR HONG KONG IN A BAN WHICH WE NEED TO CONSIDER).

(C) NO GOVERNMENT FUNDING FOR TRADE MISSIONS OR PARTICIPATION IN EXHIBITIONS OR TRADE FAIRS. PROPOSED LINE: THE DTI WILL BE HALTING NEW FUNDING FOR SUCH ACTIVITIES. (IF ASKED:) THERE ARE 11 TRADE MISSIONS CURRENTLY IN PROSPECT. DTI HAVE ALREADY GIVEN FINAL APPROVAL TO 3 TRADE MISSIONS DUE TO LEAVE WITHIN THE NEXT MONTH AND TO A VENTURE AT A TRADE FAIR DUE IN 3 WEEKS.

THEY PROPOSE TO HONOUR

THESE BINDING COMMITMENTS BUT WITHDRAW OFFERS IN PRINCIPLE, IN RESPECT OF SUBSEQUENT TRADE MISSIONS).

(D) BAN ON COMPUTER EQUIPMENT TO SOUTH AFRICAN MILITARY, POLICE OR SECURITY FORCES. PROPOSED LINE: SUCH EXPORTS ARE ALREADY SUBJECT TO LICENCE IN THE UK UNDER THE TERMS OF THE EXPORT OF GOODS CONTROL ORDER. (CONFIDENTIAL BACKGROUND, NOT FOR USE: THE REFERENCE TO EQUIPMENT 'CAPABLE OF USE' BY SOUTH AFRICAN FORCES DIFFER FROM THE WORDING OF THE EQUIVALENT LUXEMBOURG MEASURE AND TAKEN LITERALLY WOULD PRECLUDE ALL COMPUTER SALES TO ANY SOUTH AFRICAN CUSTOMER. WE ASSUME HOWEVER THAT THE INTENTION IS THE SAME AS IN THE LUXEMBOURG MEASURE.

(E) BAN ON NEW CONTRACTS FOR THE SALE AND EXPORT OF NUCLEAR GOODS, MATERIALS AND TECHNOLOGY TO SOUTH AFRICA. PROPOSED LINE: THIS IS SIMILAR TO THE LUXEMBOURG MEASURE CALLING FOR NO NEW NUCLEAR COLLABORATION. NUCLEAR EXPORTS ARE SUBJECT TO LICENCE IN THE UK UNDER THE TERMS OF THE EXPORT OF GOODS CONTROL ORDER. FOR SOME YEARS WE HAVE NOT SUPPLIED ANY NUCLEAR MATERIALS, NUCLEAR FACILITIES, EQUIPMENT AND RELATED ECONOMIC ASSISTANCE FOR SOUTH AFRICAN NUCLEAR DEVELOPMENT. (CONFIDENTIAL BACKGROUND, NOT FOR USE: THERE IS A POSSIBLE GREY AREA OVER WHAT IS MEANT BY NUCLEAR GOODS. THERE MAY HAVE BEEN EXPORTS SUCH AS ISOTOPES FOR HOSPITALS WHICH WE WOULD NOT WISH TO BAN. CONTROL OF EXPORTS OF 'TECHNOLOGY' IS A DIFFICULT SUBJECT. WHILE WE CAN CONTROL DOCUMENTS ETC WE CANNOT CONTROL THE MOVEMENT OF EXPERTS.)

(F) (G), (H) BAN ON OIL EXPORTS: EMBARGO ON ARMS IMPORTS: EMBARGO ON MILITARY CO-OPERATION PROPOSED LINE: SAME AS FOR THE EQUIVALENT LUXEMBOURG MEASURES.

(I) DISCOURAGEMENT OF CULTURAL AND SCIENTIFIC EVENTS PROPOSED LINE: SAME AS FOR THE EQUIVALENT LUXEMBOURG MEASURE. DISCOURAGEMENT APPLIES ONLY TO THOSE EVENTS WHICH HAVE A POSSIBLE ROLE IN SUPPORTING APARTHEID. BRITISH COUNCIL'S ACTIVITIES IN SOUTH AFRICA DIRECTED TOWARDS ASSISTANCE FOR BLACK EDUCATION. DO NOT CONSIDER NORMAL RUN OF SCIENTIFIC CONTACTS BETWEEN THE UK AND SOUTH AFRICA SUPPORTIVE OF APARTHEID.

3. ON THE GENERAL QUESTION OF HOW WE RECONCILE THESE 'ECONOMIC MEASURES' WITH HMG'S OPPOSITION TO ECONOMIC SANCTIONS, WE WOULD PROPOSE TO TAKE THE FOLLOWING LINE. THE GOVERNMENT CONTINUES TO BE OPPOSED TO ECONOMIC AND TRADE BOYCOTTS THAT WOULD BE DAMAGING TO THE SOUTH AFRICAN ECONOMY AND HARM THOSE IN SOUTH AFRICA AND NEIGHBOURING COUNTRIES WHOM WE ARE TRYING TO HELP. WE DO NOT CONSIDER THAT THESE MEASURES WOULD HAVE THAT EFFECT. BUT, LIKE THE LUXEMBOURG MEASURES, THEY REPRESENT AN IMPORTANT POLITICAL AND PSYCHOLOGICAL SIGNAL TO THE SOUTH AFRICAN GOVERNMENT OF THE NEED FOR URGENT AND FUNDAMENTAL REFORM.

4. IF PRESSED ABOUT THE IMPACT ON UK INTERESTS, WE WOULD PROPOSE TO TAKE THE LINE THAT WE SHOULD NOT EXPECT THE WITHDRAWAL OF FINANCIAL SUPPORT FOR TRADE MISSIONS AND FAIRS PARTICIPATION TO RESULT IN A SIGNIFICANT LOSS OF NEW BUSINESS. BRITISH EXPORTERS REMAIN FREE TO EXERCISE THEIR COMMERCIAL JUDGMENT ON TRADE WITH SOUTH AFRICA, MANY DO SO WITHOUT TAXPAYERS' SUPPORT.

5. THERE IS CLEARLY A RISK THAT THE CHOGM PACKAGE AND THE NEW NORDIC PACKAGE IN WHICH THE DANES HAVE AGREED TO MORE EXTENDED LIST OF ADDITIONAL MEASURES WILL PROVOKE OUR PARTNERS TO REOPEN THE LUXEMBOURG PACKAGE. THERE MAY WELL BE PRESSURE FOR THIS AT THE INFORMAL FOREIGN MINISTERS' WEEKEND MEETING ON 25/27 OCTOBER.

6. FOR THE TIME BEING WE RECOMMEND THAT EC POSTS SHOULD TAKE THE FOLLOWING LINE:

THE LUXEMBOURG PACKAGE WAS OF COURSE THE BASIS OF OUR POSITION WITH OUR COMMONWEALTH PARTNERS. NATURALLY WE WOULD BE HAPPY IF OTHER PARTNERS TOOK THE SAME ACTION, BUT THIS REMAINS A MATTER FOR NATIONAL DECISION (AS WERE ALL THE LUXEMBOURG MEASURES).

THERE CAN BE NO QUESTION OF RE-OPENING THE LUXEMBOURG PACKAGE.

7. DOMM WILL NEED TO TELL THE GERMANS THAT WE DO NOT REGARD THE MINIMAL CONCESSIONS MADE AT CHOGM AS BREACHING THE PRINCIPLE THAT WE OPPOSE ECONOMIC SANCTIONS. THE PM MADE CLEAR AT HER PRESS CONFERENCE THAT SHE WAS NOT ONE OF THOSE WHO WANTED TO IMPOSE ADDITIONAL MEASURES AT THE END OF THE 6 MONTH PERIOD.

8. GREATFUL FOR INSTRUCTION BY IF POSSIBLE, DESKBY 220430Z REPEATED DESKBY TO LUXEMBOURG

HOWE